

The consequences of No Compromise Funding Elite Sport in the UK

This chapter originally appeared in Dun, S., Kalaji, M. and Stell, M. (eds) *It's How You Play the Game: International Perspectives on the Study of Sport*, 2013 first published by the Inter-Disciplinary Press

Conference Submission Paper

Draft 1

James Bostock

**Senior Lecturer Sheffield Hallam
University**

Word count = 2970

Elite Sport Funding in the UK

Funding and the National Governing Bodies of Sport

In 2006 UKSport, the body responsible for funding elite level Olympic sports in the UK, adopted the 'no compromise' approach to funding the National Governing Bodies of Sport (Green, 2009). As part of this clear prioritisation of elite sport funding, this funding strategy not only targeted "resources solely at those athletes/sports that are capable of delivering medal winning performances" (UKSport, 2007, p.1; Green, 2009), but also enabled UKSport to withdraw funding from the Olympic funding cycle from those National Governing Bodies of Sport (NGBs) that failed to achieve performance targets. This funding has created a new relationship between UKSport and the NGBs, one based on resource-dependency, where if the sport achieves specific targets they will in turn receive their funding (Green, 2006). However, it is virtually impossible to resist this change as NGBs have become ever more dependent upon government resources, which places them in an extremely precarious position – you cannot bite the hand that feeds you (Green, 2006). So when eight Olympic sports failed to achieve the targets set by UKSport, their funding was cut from between 5% and 52% (Green, 2009).

UKSport employed the 'No Compromise' funding strategy as the rationale for these funding reductions, but not all the NGBs felt the process was transparent as several felt they had performed adequately. Indeed Richard Callicott, Chairman of the British Volleyball Federation, stated "We have made great progress and have hit all performance targets set us. We are wholly unable to understand UKSport thinking, that... they should turn round and give us less money than they had originally planned to." (BBC, 2009). Secondly, several had actually exceeded their performance targets (See table 1). Fencing and weightlifting exceeded their medal targets, and three of the other NGBs did not have any targets as they were seen as 'development sports'. What makes this process even less transparent is that several other NGBs did not achieve their medal targets but still saw an increase their funding - archery saw a 55.5% increase in their funding, even though they did not achieve their targets (UKSport, 2009; UKSport, 2010). Most of these organisations could not understand why their funding had been reduced by so much, when other less established sports (basketball and synchronised swimming for example) had seen massive increases in funding. Even with a £1.8m donation from Sport Aid's talented athlete scheme, many of these NGBs simply could not see how they would be able to afford to compete at the London 2012 games.

Table 1: London 2012 London Funding compared to Beijing				
Sport	Targets achieved?	Funding for Beijing 2008 (£m)	Revised Funding for London 2012 (£m)	% Change in funding
Archery	No	2.83	4.4	+55.5
Diving	No	5.87	6.52	+11.1
Equestrian	No	11.72	13.38	+14.1
Fencing*	Yes	3.07	2.51	-18.0
Handball*	N/A	2.99	2.89	-3.0
Judo	No	6.94	7.48	+7.7
Shooting*	No	5.06	2.45	-51.5
Table tennis*	No	2.53	1.21	-52.3
Triathlon	No	5.11	5.28	+3.4
Volleyball (inc beach)*	N/A	4.11	3.51	-14.7
Water polo*	N/A	3.5	2.90	-7.8
Weightlifting*	Yes	1.68	1.36	-19.3
Wrestling*	No	2.13	1.43	-32.5
*National Governing Body that received “basic levels of funding” (Shaded sports received a funding increase) Source: (www.UKSport.gov.uk)				

Funding and New Public Management

The changes to the funding mechanism, elite sports policy and the governance of NGBs have clearly been influenced by the concepts and principles of ‘New Public Management’. NPM seeks to place greater emphasis on managerial improvement within the NGBs by giving them greater autonomy through a decentralised approach, but in return UKSport requires the NGBs to become more efficient and responsive by using market approaches (Hood, 1995). This approach has been described as a ‘good managerial approach’ as it is more results orientated (efficiency, effectiveness, service quality) and places higher levels of accountability on the NGBs that receive funding (Hood, 1991; Holmes & Shand, 1995; Robinson, 2004; Coalter, 2007). This accountability was measured by UKSport through its fundamental measure of ‘good management’ the winning of Olympic medals. With this ‘simplified’ measure of performance now in place, a key criticism of NPM becomes apparent as the NGBs face more complex objectives, more intricate accountabilities, but lack the degree of freedom that many market based organisations have (Singh, 2003; Mongkol, 2011). While this approach will seek to generate greater autonomy within the NGBs, in terms of how they respond to this changes in funding, this increased freedom may actually result in responses that favour certain groups and is detrimental to others (Ormond & Loffler, 2006; Mongkol, 2011). Clearly, there will be a need for effective governance systems to ensure that any new strategy that is implemented can be monitored to ensure benefits to the NGBs and all its members, not just those groups that can exert political

power to ensure their own personal/career goals remain legitimised (Mintzberg, 1985; Buchanan & Bradham, 1999; Hoyer, 2006; Mason *et al*, 2006).

In order to move in a new strategic direction and to meet the challenges of 'no compromise', the NGBs need to ensure that the strategy is not only harmonious with their stakeholders interests, but meets also their responsibilities to central government (Kikulis, 2000; Forster, 2006). However, Painter (1997,p. 42) has argued that "most areas of public service and administration have distinct political, ethical, constitutional and social dimensions" that render it different from the private sector. Indeed, an argument can be made that NPM may not be applicable to public sector organisations, nor should it be seen as a superior benchmark for NGBs as their managers will have to deliver 'non-market' objectives (Alford, 1997; Painter, 1997). With a loss of accountability and what Minogue (2000) defines as a 'democratic deficit', if NGBs do not implement a governance system that can monitor their new strategy and control their new strategic direction, they may see a further reduction in funding through the intervention of UKSport, as well as come into conflict with their stakeholders (Freeman, 1984; Pajunen, 2006; UKSport, 2004; UKSport 2007; King, 2009).

Research objectives

This research paper will seek to achieve the following two research objectives:-

- To determine the impacts of the funding decisions on the NGBs that received significant reductions in funding.
- To examine how UKSport use the 'no compromise' funding regime to exert managerial control over NGBs

Key Literature for Study

Power relations in the change process

With the creation of 'No compromise', and the movement towards a funding mechanism that is based on statistical evidence (world rankings) and tangible outputs (medals), UKSport are seeking to control the discourse as to the meaning/mission of the NGBs and their role in society. Power is being exerted on the NGBs by UKSport by seeking to control outcomes (Amis *et al*, 2004). However, this over reliance on statistical evidence on 'success' could become problematic for UKSport because as they seek to create and control the discourse that surrounds elite sport, it will at the same time narrow actors understanding of elite sport in certain ways (Piggin *et al*, 2009). This clearly highlights the problem for UKSport, for in their desire to control the meaning of elite sport in the UK through the NGBs performance, it also creates a clearer path to criticism (Piggin *et al*, 2009). By creating a funding model that is based on positivistic, objective measures of performance, UKSport are seeking to not only rationalise their funding decisions, but to also exert power over the NGBs in terms of marginalising certain knowledge assumptions, and to legitimise a new discourse.

Through an investigation of the power relationship between the NGBs and UKSport, and an analysis of the internal relations within the NGBs, research can explain the actions of individuals/groups by giving reasons and in turn give a detailed explanation of those actions (Dowding, 2006). If research (Alvesson & Deetz, 2000; Frisby, 2005) is correct in its assumption that any decisions that are made, in terms of UKSport funding allocations or the NGBs response to this allocation, in the long run serve those in positions of power then clearly this move to greater levels of performance (medals) must be seen as being beneficial to these individuals/groups power. Using a critical approach, we can seek to understand and address the perceived inequalities in the funding allocations by empowering the actors involved to make sense and understand what is happening around them (Kincheloe & McLaren, 1998).

Governance and 'No Compromise'

While there is a variety of literature within the field of 'governance' per se, there is little that has been applied to strategy formulation within the Sport NGBs (Forster, 2006). Governance issues will come to the fore when the NGBs go through a change process, and need to effectively manage the change if it is to be effective. With the NGBs working with reduced levels of income what constitutes an appropriate form of governance has been

questioned. Clearly, the NGBs will be experiencing increased pressure to increase revenue generation, attract higher membership numbers and produce world class athletes, while at the same time adopt a 'business' model of operations to prevent further reductions in their funding allocation (Deem, 1991; Hoyer & Auld, 2001; Hoyer, 2006; Ferkins, Shilbury & McDonald, 2009). Governance has therefore become a critical component of the effective management of sport organisations, particularly those funded by central government (Hoyer, 2006; Hoyer & Cuskelly, 2007; Houlihan & Green, 2009).

Key models of governance (Principal-Agent Theory)

Through the measures that are being imposed on the NGBs (No Compromise, Competence Framework) UKSport are focusing their 'power' in order to exert control, so that ultimately NGBs act in a manner that is intrinsically linked to their own aims and objectives (Chalip, 1996). While UKSport have the clear goal of achieving the maximum amount of medals from their investment, the NGBs' interests and viewpoints are varied as they have to contend with multiple stakeholders (amateur and elite athletes, coaches, sponsors, volunteers, board members). It is apparent that these methods of 'constraint' have been adopted so that the NGBs (the agent) act in the interests of UKSport (the principal) rather than their own - a key tenet of Principal-Agent Theory of governance. Spear (2004) identifies key external factors such as government influence and the drive towards professionalization of managers (as can be seen through UKSport's NPM agenda) tilting power towards the managers, out of the hands of stakeholders. Spear (2004) goes on to state that this model of governance, ignores individual members, due to performance measures placed on them and marginalises "collective, social or organizational factors ... it tends to ignore non-financial motivations such as common values, shared benefits and trust." (p.50). Walters, Tacon & Trenberth (2010) argue that NGBs need to become much better at identification of their stakeholders and go on to state "All NGBs should bring key stakeholders to the board/committee to improve stakeholder representation" (p.6). With UKSport 'coercing' NGBs to act in a performance orientated manner, there is little incentive to engage in this process, and stakeholders will probably continue to be marginalised.

Initial Results and Discussion

In-depth interviews were conducted with two current chief executives of Olympic NGBs. The subjects were selected through purposive sampling which enabled the researcher to select organisations that had received significant reductions in funding and had experienced negative consequences as a result (Babbie, 1990). Although this means that the selection of the interviewees group was subject to personal bias of the researcher, it did enable the research to select the cases based on their potential to supply specialist knowledge relevant to the research aim and objectives (Saunders, Lewis and Thornhill, 2009). With the researcher specifically looking at NGBs that have received a funding reduction, the following NGBs and their CEO's were selected for the focus group:-

- British Table Tennis Federation (52.3% reduction in funding)
- British Fencing (18% reduction in funding)

The Impacts of the funding reduction

With UKSport adopting the 'no compromise' funding model, the NGBs have had to change their daily operations and structure. This point is further reinforced by several authors (Kikulis, 2000; Forster, 2006; Green, 2009), who argue there are a number of structure related issues surrounding NGBs when their funding is focused on their performance such as the introduction of new teams or professional staff and a concentration of funding towards athletes who will hit performance targets now, rather than in the future. Consequently, the respondents felt the funding decisions have impacted upon not only the organisational structure of their NGB, but also upon its culture and mind set (Augestead *et al*, 2006). Both respondents were of a similar view that performance had to be rewarded, but there also needed to be investment:-

"Well I understand the model perfectly and the ruthless 'no compromise' approach to high performance is right. You don't dilute excellence. However, the issue with it is that at some point there has to be an element of investment in a programme as opposed to purely rewarding a programme. Where will long term investment come from?"

When analysing the responses provided by the interviews to the impact of the 'no compromise' funding model, it can be argued they are the result of the participating NGBs being forced to adopt a more professional approach to their activities. This has resulted in the NGBs aligning themselves more closely with the private sector as opposed to remaining closely aligned with the voluntary sector. Consequently, based on the data collected for this research, different values are now emerging within sporting NGBs (Wiscombe, 2009). This

change in culture influences the values and beliefs of the organisation, its daily operations and arguably the traditional perceived role of NGBs within UK sport (Deloitte & Touche 2003; Houlihan & Green, 2009).

“If funding is going to be linked more and more to performance and medals, then the elite guys need to be supported. It’s incredibly tough to win medals – that is why the focus needs to be on high performance”

As the NGBs adapt to the changes imposed on them by their funding reductions the values, ideas and beliefs that underpin these organisations will come under pressure from not only key stakeholders within the organisations but also UKSport (Bayle & Madella, 2002; Bayle & Robinson, 2007; Green, 2009). The responsibility of adopting professional practices extolled by UKSport and a more intensive drive to gain additional private sponsorship is now considered an essential element in the role of the NGBs interviewed, and is arguably symptomatic of other NGBs within UK sport. However, Steen-Johnsen & Vidar Hanstad (2008) identified this as creating a dilution of purpose within the NGBs, who have little skill, ability or inclination to engage with the private sector because it distorts the NGBs aims and objectives and distracts them from their main purpose of representing and governing their sport.

Controlling the NGBs

The concept of control as a function of management through their relationship with UKSport, was a key theme identified within the analysis of the interview data. For example, as a result of the drive to professionalise the NGBs they have had to become more business-like (private sector ethos) in their approach to managing their organisations by showing higher levels of accountability, particularly as the findings indicate they are arguably moving away from their amateur footing to one where the professional holds sway:-

“We needed to show UKSport that we were not only accountable for the money they gave us, but we also needed to show that we ran our organisation in a professional manner. The board committee needed to change and be put on a more professional footing. That is why we recruited Alex Newton (performance director) to show UKSport we were serious about winning medals, and showing a return on their investment. Within this role, we wanted the new performance director to move our athletes away from an amateur footing to a more professional, business like mentality”

One of the key conclusions of this research is that the hierarchical chain of power from government down to NGBs has effectively strait-jacketed the NGBs into delivering a narrow, Olympic-driven sports policy to meet government set targets. This restricts the NGBs in terms of the time they have for other activities and may lead to the sports' decline. Indeed, Laws (2008) found that as NGBs become more reliant on professional staff, volunteers (coaches, club officials) are bypassed during the making of key decisions and as a consequence leave the NGBs. This in turn creates a knowledge 'vacuum' with a lack of people in the NGB with intimate knowledge of the sport discipline (Thibault *et al*, 2004; Grix, 2009). This has begun to happen in the NGBs researched:-

"The organisation was not run by professionals, so a key issue was to try and 'remove' the amateurs that held sway. Without their removal it would have been almost impossible for us to adopt a more professional footing – we had to start to think more like a business"

Spear (2004) identifies UKSport's external drive towards professionalisation of the NGBs as tilting power towards the managers, out of the hands of stakeholders. Spear (2004) goes on to state that if there is a concentration of professional staff (paid), volunteers will be ignored because the professional organisations "tend to ignore non-financial motivations such as common values, shared benefits and trust due to performance measures placed on them." (p.50). Walters, Tacon & Trenberth (2010) support this viewpoint by arguing that NGBs need to become much better at identification of their stakeholders and "should bring key stakeholders to the board/committee to improve stakeholder representation" (p.6). With UKSport directing NGBs to act in a performance, professionally orientated manner, there is little incentive to engage in this process and stakeholders will probably continue to be marginalised.

Conclusion

The key conclusion drawn from the research conducted is that the 'no compromise' funding system creates a power relationship between UKSport and the NGBs, where UKSport are effectively controlling the NGBs so that they deliver a narrow, Olympic-driven programme to meet targets. This in turn alienates stakeholders such as volunteers, which means the professional staff have little time and resources to address the factors behind the sport's general decline because of the focus on elite athletes. It also becomes apparent that the NGBs cannot be more like 'businesses' and how they are managed should be addressed, if they do not want to experience negative consequences. The management of the NGBs and UKSport should move away from the narrow focus of short-term medal targets on which UKSport judge the performance of the NGBs, to a management and funding regime that has the long-term development of the sport at its heart and focuses on investment future winners of medals.

References

- Alford, J. (1997) "Towards a New Public Management Model: Beyond Managerialism and its Critics", in M. Considine and M. Painter (Eds), *Managerialism: The Great Debate*, Melbourne University Press, Melbourne, pp.152-172.
- Alvesson, M., & Deetz, S. (2000) *Doing Critical Management Research*. London: Sage.
- Amis, J., Slack, T., & Hinings, C. R. (2004) Strategic change and the role on interests, power and organisational capacity. *Journal of Sport Management*, Vol. 18, pp.158-198.
- Augestad, P. Bergsgard, N.A. & Hansen, A.O. (2006) The institutionalisation of an elite sport organisation in Norway: The case of 'Olympiatoppen'. *Sociology of Sport Journal*, No.23, pp.293-313.
- Babbie, E. (1990) *Survey Research Methods 2nd ed.* Belmont, California: Wadsworth Publishing Company
- Bayle, E., & Madella, A. (2002) Development of a taxonomy of performance for national sport organizations. *European Journal of Sport Science*, Vol. 2, No.2, pp.1-21.
- Bayle, E., & Robinson, L. (2007) A Framework for Understanding the Performance of National Governing Bodies of Sport. *European Sport Management Quarterly*, Vol.7, No.3, pp.249-268.
- BBC (2009) *GB's have-nots are broke but not broken [online]*. Available at: www.bbc.co.uk/blogs/mattslater/2009/02/short_on_money_long_on_ambitio.html [Accessed 17 July 2011].
- Buchanan, D A and Badham, R. (1999) *Power, Politics and Organisational Change: Winning the Turf game*. London: Sage.
- Chalip, L. (1996) Critical Policy Analysis: The Illustrative Case of New Zealand Sport Policy Development. *Journal of Sport Management*, Vol. 10, No.1, pp.310-324.
- Coalter, F. (2007) *A Wider Social Role for Sport: Who's Keeping the Score?* Routledge, London.
- Deloitte, J. & Touche, P. (2003) *National Governing Bodies of Sport Success Criteria/Model Framework*. UK Sport Report.
- Deem, R. (2001) Globalisation, New Managerialism, Academic Capitalism and Entrepreneurialism in Universities: is the local Dimension still Important? *Comparative Education*. Vol.37, No.1, pp.7-20.
- Dowding, K. (2006) Three-Dimensional Power: A Discussion of Steven Lukes' Power: A Radical View. *Political Studies Review*, Vol.4, pp.136-145.
- Ferkins, L., Shilbury, D., & McDonald, G. (2009) Board Involvement in Strategy: Advancing the Governance of Sport Organizations. *Journal of Sport Management*, Vol.23, pp.245-27.
- Forster, J. (2006) Global sports organisations and their governance. *Corporate Governance*, Vol.6, No.1, pp.72-83.
- Freeman, R.E (1984). "Strategic Management: A stakeholder Approach". Boston, MA: Ballinger.
- Frisby, W. (2005) The Good, the bad and the ugly: critical sport management research. *Journal of Sport Management*, Vol.19, pp.1-12.

- Green, M. (2006) 'From 'Sport for All' to Not About 'Sport' at All?: Interrogating Sport Policy. Interventions in the United Kingdom', *European Sport Management Quarterly*, Vol. 6, No. 3, pp.217 — 238.
- Green, M. (2009) Podium or participation? Analysing policy priorities under changing modes of sport governance in the United Kingdom. *International Journal of Sport Policy*, Vol.1, No.2, pp121-144.
- Grix, J. (2009) The impact of UK sport policy on the governance of athletics. *International Journal of Sport Policy*, Vol. 1, No. 1, pp.31 — 49.
- Holmes, M., & Shand, D. (1995) Management Reform: Some practioner Perspectives on the Past ten Years. *Governance*, Vol.8, pp.551-578.
- Hood, C. (1991) A public management for all seasons. *Public Administration Review*, Vol.69, No.1, pp. 3-19.
- Hood, C. (1995) New Public Management in the 1980's: Variations of a Theme. *Accounting Organisations and Society* Vol. 20, No. 3, pp. 93-109.
- Houlihan, B., & Green, M. (2009) Modernisation and Sport: The Reform of Sport England and UK sport. *Public Administration*, Vol. 87, No.3, pp.678-698.
- Hoye, C. (2006) Governance Reform in Australian Horse Racing. *Managing Leisure*, Vol.11, pp.129-138.
- Hoye, C., & Cuskelly, G. (2007) *Sport Governance*. London: Elsevier.
- Hoye, R., & Auld, C. (2001). Measuring board performance in non-profit sport organizations. *Australian Journal of Volunteering*, Vol.6, No.2, pp.109-116.
- Kikulis, M.L. (2000) Continuity & change in governance and decision making in national sport organisations: Institutional Explanations. *Journal Of Sport Management*, Vol.14, no.1, pp.293-320.
- Kincheloe, J.L. and McLaren, P.L. (1998) 'Rethinking critical theory and qualitative research', in N.K. Denzin and Y.S. Lincoln, *The Landscape of Qualitative Research*. Thousand Oaks, CA: Sage. pp. 260-99.
- King, N. (2009) Sport policy and Governance – Local Perspectives. Elsevier, London
- Laws, W. (2008) *A proposal for developing athletic clubs and league competition in the UK*, www.britishathleticsclubs.com, 7 February 2008 [accessed May 2012].
- Mason, D. S., Thiboult, L., & Misener, L. (2006). An Agency Theory Perspective on Corruption in Sport: The Case of the International Olympic Committee. *Journal of Sport Management*, 20, 52-73.
- Minogue, M. (2000) *Should Flawed Models of Public Management be Exported? Issues and practices*, IDPM, Working Paper No. 15, University of Manchester, Manchester.
- Mintzberg, H. (1985) The Organisation as the Political Arena. *Journal of Management Studies*, Vol.22, No.2, pp.133-154.
- Mongkol, K. (2011) The Critical Review of New public Management Model and its Criticisms. *Research Journal of Business Management*, Vol.5, No.1, pp.35-43.
- Ormond, D., & Loffler, E. (2006) New Public Management: What to Take and what to Leave [on-line] https://bvc.cgu.gov.br/bitstream/123456789/3081/1/new_public_management_what.pdf [Accessed on 10 April, 2012]
- Painter, M. (1997) "Public Management: Fad or Fallacy?", in M. Considine & M. Painter (Eds), *Managerialism: The Great Debate*, Melbourne University Press, Melbourne, pp.39-43.

- Pajunen, K. (2006) Stakeholder influence in organisational survival. *Journal of Management Studies*. 43, 6, pp.1261-1288.
- Piggin, J., Jackson, S. J. & Lewis, M. (2009) Knowledge, Power and Politics - 'Evidence-based' National Sport Policy. *International Review for the Sociology of Sport*, Vol.44, No.1, pp.87-101.
- Robinson, L. (2004) *Managing Public Sport and Leisure Services*. Routledge. London.
- Saunders, N.K. Thornhill, A. & Lewis, P. (2009) *Research Methods for Business Students (5th Ed.)* London: Prentice Hall.
- Singh, A. (2003) Questioning the New Public Management. *Public Administration Review*, Vol.63, pp.116-119.
- Spear, R. (2004) Governance in Democratic Member-Based Organisations, *Annals of Public and Cooperative Economics*. Vol.75, No. 1, pp. 33-60.
- Steen-Johnsen, K. & Vidar Hanstad, D. (2008) 'Change and Power in Complex Democratic Organizations. The Case of Norwegian Elite Sports', *European Sport Management Quarterly*, Vol.8: No.2, pp.123 — 143.
- Thibault, L., Kikulis, L. & Frisby, W. (2004) The organisational dynamics of under-managed partnerships in leisure service departments. *Leisure Studies*. Vol.23, no.2, pp109-126.
- UK Sport (2003) '*Investing in Change*' – *High Level Review of the Modernisation Programme for Governing Bodies of Sport*, London: Deloitte and Touche.
- UK Sport (2004) *Good Governance: A Guide for National Governing Bodies of Sport*, London: Institute of Chartered Secretaries and Administrators
- UKSport (2007) *Annual Review 2006*. London: UK Sport.
- UKSport (2009) *Annual Review 2008*. London: UK Sport.
- UKSport (2010) *UKSport reaction to comprehensive spending review [on-line]*.
<http://www.uksport.gov.uk/news/UK-Sport-reaction-to-comprehensive-spending-review-201010>. [Accessed 17 July 2011].
- Walters, G, Trenberth, L and Tacon, R (2010) *Good Governance in Sport: A Survey of UK National Governing Bodies of Sport*, Birkbeck Sport Business Centre Research Paper Series.
- Wiscombe, C.A. (2009) Funding, Sponsorship and Investment. In Bill, K. (ed) (2009) *Sport Management*. Learning Matters. Exeter